

An Empirical Evidence of University Reporting of Malaysian Universities

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Abstract

This paper is an attempt to analyse the disclosure item of Malaysian universities reporting with the extent of quality disclosure index towards the universities reporting. The study has developed 45 items of disclosure index based on framework of Modified Accountability Disclosure (MAD) index. The data were collected throughout 2012 universities annual report. Content analysis was undertaken using the disclosure index. The overall finding reveals that the quality of universities' 2012 annual report is maintained high which is consistent with the framework. The result empirically proves that 40 items could be used for university reporting checklist to ascertain university reporting's level of disclosure. This paper offers some insights into current reporting practices of Malaysian universities. The implication of the research findings and future research will also be discussed.

Keywords. University reporting, websites, Modified Accountability Disclosure, Index, Malaysia

1 Introduction

Universities are now hugely diverse, not only in size, funding and governance, but in other more academically substantive respects (O'Neill, 2015). Universities and other institutions of higher and further education are at present under much pressure to expand student numbers, to be more efficient as users of national investment in education and to be more accountable for their diverse teaching and research activities (Benjamin, 1993). Universities play an important role in national development in terms of economic growth, political development and social cultural as well (Lee, 2004). Universities can improve their relationship with the users e.g. students, teachers, general staff and others through the disclosure of their services on the internet, revealing information about their finances, research, teaching activities, and through the ability to interact with users (Gallego-Alvarez et al., 2011). Universities can be defined as the higher educational and research institutions which have been serving humanity at universal scales. Generally, the universities that are located in Malaysia have been categorized in two parts which are public universities and private universities. Basically, public universities in Malaysia are funded by the government. Meanwhile, private universities are universities not operated by governments, although many receive tax breaks, public student loans, and grants. The government has been providing a portion of public funds to the higher education institutions (HEIs) since the establishment of the first public university in Malaysia (Ismail and Abu Bakar, 2011). One of the channels that help HEIs to relay the information relates with the universities is through the annual report.

There are numerous attempts to investigate the annual report disclosures for universities in develop countries (Banks et al., 1997 & 2003; Coy et al., 1994; Coy et al., 1997; and Coy and Dixon, 2004). However, there is little evidence of previous researches which examine on annual reporting practices of public and private universities in Malaysia. Due to the lack of the study on disclosure for university's financial reporting, this study are come out to examine the level indices items of disclosure for Malaysian public and private universities' annual reporting. The objective of this study is to evaluate the quality of Malaysian public and private universities reporting.

2 Methods

The study has use the sample size in a range of 40 from the population of the university which involved 20 of public universities in Malaysia and another 20 comes from Malaysian private universities. The total sample size shows the number of universities in the population that has been chosen. This study has uses the annual report of public university in Malaysia.

Various dimensions that have been used in building the disclosure index in relation to university reporting. The five dimensions that were frequently used to determine the level of university reporting is overview, services performance or research, financial performance, physical and financial condition, and community services (Banks et al., 1997; Coy et al., 1994; Coy et al., 1997; Coy and Dixon, 2004; Ismail and Abu Bakar, 2011; Nelson et al., 2003). In order to investigate the information provided by institutions, one of the most widely used techniques is content analysis (Ettredge et al., 2001; Bonson-Ponte et al., 2008; Gallego-Alvarez et al., 2011) which usually consists of scoring the number of times a specific of information appears in a text or similar. To create the disclosure index we initially considered several related descriptive studies that refer to amount of information provided on their websites (Banks et al., 1997; Coy et al., 1994; Coy et al., 1997; Coy and Dixon, 2004; Ismail and Abu Bakar, 2011; Nelson et al., 2003).

The disclosure index has been developed with 45 items based on the framework of MAD index that has been proposed by Coy et al. (1993) with further references to other prior studies (Bank et al., 1997; Coy et al., 1994; Coy et al., 1997; Coy et al., 2004). In addition, the study also used MGTC 4/2007 Disclosure Index which has been proposed by Ismail and Abu Bakar (2011) for Malaysian public universities. Because of this research is focusing on public and private universities in Malaysia, therefore, it has combined together the entire of MGTC disclosure index with MAD index. The study adopted the disclosure-based approach for each item by using a dichotomous procedure in which a mean item score of 1 with the reporting and, if the score is equal to zero, in showing that there is no reporting. It is supported by Ali Khan and Ismail (2011) that the items in checklist will be measured by using dichotomous answers (yes/no) whereby the score of 0 is given for no index and a score of 1 is given that there is has index.

The data was entered into the computer using Statistical Package for the Social Science (SPSS) software. Results are presented through mean and other descriptive statistics. The data analysis is important steps in order to measure the accuracy and validity of the data to obtain the output or results.

3 Results and Discussion

Table 1 shows the results of the disclosure analysis of the universities' annual report based on the five dimensions. This category is the combination of past research from the other researcher that is also involved in evaluation of the disclosure items for universities annual report. Based on the category of result, it reveals that the overview dimension gets the higher results with mean score 0.6726 which indicates that all the public and private universities has disclosed the requirement under overview category in their 2012 annual report. The community services and physical & financial condition categories are having the high score with the mean index of 0.6389 and 0.5833 respectively. For services performance / research category also get the score with the mean of index 0.4907. The last category which is the lowest score of index is the financial performance with the mean score 0.4305. The overall mean disclosure index for all above five dimensions was 0.5632. Services performance/ research and financial performance are below than 0.5 but the rest of three categories are still above the overall mean index. All the category or dimension above did not fully complied with the disclosure requirement, they still have disclosed information to some extent. This finding is supported by Ismail and Abu Bakar (2011).

Table 1. Overall Mean University Reporting Disclosure Index

Category / Dimension	No. of Item	N	Mean
Overview		14	12
			0.6726

Services Performance / Research	9	12	0.4907
Financial Performance	12	12	0.4305
Physical & Financial Condition	7	12	0.5833
Community Services	3	12	0.6389
Overall	45	12	0.5632

Table 2 shows the level of frequency for public and private universities' reporting. The findings showed that the real level of disclosure index ranged from 15.56 percent (7 items) to 68.89 percent (31 items). There are three universities (25% of the sample universities) obtained the highest disclosure index at 68.89 percent. However, only one university that has the lowest index score at 15.56 percent. The overall reporting level score was showed that at level of 68.89 has the higher frequency with 31 numbers of items. The findings suggest that on average the level of university reporting of the Malaysian universities is satisfactory. The classification done was based on Wallace (1988) who claimed that each company or institution that attained an index disclosure of over 50 percent was considered as having a good index disclosure.

Table 2. The Level of University Reporting by Malaysian Universities

Disclosure Index	No. of Item	Frequency	Percentage (%)
15.56	7	1	8.3
46.67	21	1	8.3
48.89	22	2	16.67
51.11	23	1	8.3
60.00	27	2	16.67
62.22	28	1	8.3
66.67	30	1	8.3
68.89	31	3	25

4 Conclusion

The purpose of this research was to study the level of university reporting in Malaysia. In addition, the use of five dimensions as an index measurement by Malaysian universities. Based on the outcomes, a number of 40 out of 45 items were identified as the basis for university reporting index measurement. The overall findings indicated that a total of 40 items were identified as the basic measurement to evaluate the level of university reporting for Malaysian universities. The research findings disclosed that the level of university reporting started from 15.56 to 68.89 per cent. Research findings also showed that on average, the level of university reporting among the Malaysian universities can be said to be 'good disclosers' with regard to Wallace (1988) index disclosure classification. Therefore, the results of this study are important because it seeks to contribute empirical evidence in the literature of the level of university reporting in developing countries in general and especially in Malaysia in particular.

This study also concludes that the quality of public and private universities' 2012 annual report is maintained high which is consistent with the framework list that has been stated by Lazar and Choo (2012). From the findings, the researcher has understandability to comprehend the meaning of information about the statements since the researcher has a reasonable knowledge in terms of business, accounting and economic activities as well to analyze the information in the annual report. Besides that, based on the finding, it can be said that the Malaysian universities has a high-quality of reporting in terms of relevance and reliability as well. This is due to the statement in 2012 annual report can influenced the users in making economic decision and it is free from any material error and bias since it has been published to the public. In addition, the finding is relevant with Salehi and Nassir (2012) statement that have discovered the relevance of information is affected by its nature and materiality. According to Banks et al. (1997) stated that high quality of annual reports can give a sign of professionalism, raise the image and assist in influencing those in power who may deal with the entity. There are several limitations in this study. Firstly, there are limited efforts on the previous studies regarding the analysis of the items checklist for the universities financial reporting. There is a few of

articles that make a research on the universities disclosure index. Secondly, the number of universities that involved in this study also limited whereby only twelve of universities had provided their annual report in the website. Third, based on the planning, the researcher actually wants to look at the universities 2013 annual report as it is the latest reporting that should be published. However, one of the manager in public university said that he cannot revealed the current annual report to the public since it is not yet been presented into the parliament. Therefore, the researcher has to change to the 2012 annual report.

Within the limited knowledge of the researcher, this research is an early study upon the level of university reporting based on five dimensions. It is hoped that the research findings will spark further studies related to university reporting, not only in Malaysia, but also in other countries, especially in finding empirical evidence.

ACKNOWLEDGMENT

My special thanks are extended to Faculty of Management, Universiti Teknologi Malaysia and Research Management Centre, Universiti Teknologi Malaysia for providing the grant under Research University Grant Tier 1 Q.J130000.2529.09H11. The author gratefully acknowledges the contribution of Norhayati Salleh for advising and completing this manuscript.

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